

North Dakota Public Employees Retirement System

400 East Broadway, Suite 505

Bismarck, ND 58502

Group Health Plan Actuarial and Consulting Services Technical Proposal

Submitted: April 17, 2014



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North Dakota Public Employees Retirement System

April 16, 2014

Ms. Cheryl Stockert
North Dakota Public Employees Retirement System
400 E. Broadway, Suite 505
P. O. Box 1657
Bismarck, ND 58501.

Re: Request for Proposal for Employee Benefit Actuarial and Consulting Services

Dear Cheryl:

Gallagher Benefit Services, Inc. (GBS), the Denver office of Arthur J. Gallagher & Co., is pleased to provide this proposal for continuing employee benefit consulting services for the North Dakota Public Employees Retirement System (“NDPERS”).

GBS is ideally suited to partner with NDPERS in providing the specified services, due to our:

- ◆ our familiarity with NDPERS, through prior similar engagements
- ◆ the *unmatched, relevant* experience of the project team consultants
- ◆ our extensive large public plan experience
- ◆ our knowledge of the North Dakota service provider/insurer marketplace
- ◆ our understanding of NDPERS board and legislative processes and requirements
- ◆ our past experience in presenting before legislative/executive bodies

Most importantly, we commit more resources to each client—resulting in unsurpassed client service. This has been our reputation for the more than 50 years we have been in the employee benefits consulting industry.

As directed by your RFP, GBS has submitted its Cost Proposal under separate cover.

We have reviewed Sections 8 and 9 of your RFP, and respectfully offer the following requests/areas for discussion:

You will find included as appendices a signed copy of Section 8 from the RFP, in track change mode, noting changes we would like to propose to the Agreement. We have also included Section 9 with some requested changes, for your consideration. We’ll be happy to discuss the terms of the Agreement further, as appropriate.

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We are excited to renew our professional relationship with NDPERS in 2014 and beyond, and look forward to hearing from you as to any questions, and next steps.

Sincerely,

Don R. Heilman
Area Senior Vice President

Cc: Shawn Adkins, GBS

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I. EXECUTIVE SUMMARY

Discuss your view of the entire project as requested in this RFP and provide a flow chart depicting your understanding of the major work efforts and timeframes for beginning and completing tasks.

GBS is proposing to provide project and ongoing actuarial and consulting services for NDPERS. Based on your RFP and our experience, it is our understanding that you have the following needs/expectations:

- Manage medical/Rx RFP process for 2015-2017 biennium
- Provide, as directed, general consulting and actuarial services beyond carrier/vendor selection

The project flow is comparable that provided for many of our larger public sector clients, which is summarized at a high level as follows. A more detailed flow chart outlining the process is included below.

- General framing, objective setting and planning meeting
- Data gathering and analysis
- RFP development, working off our proven templates, yet customized to the unique characteristics, objectives and needs of NDPERS
- Management of carrier/vendor solicitation process, both with respect to fully insured and self-funded proposals
- Prepare preliminary forecast for upcoming biennium
- Prepare analysis of fully insured proposals and review the NDPERS Board
- Conduct interviews as appropriate
- Prepare analysis of self-funded proposals and review with the NDPERS Board
- Conduct interviews as appropriate
- Lend support as directed through legislative session, and with implementation

The following table provides a more detailed flow chart that depicts the major work efforts and time frames for the completion of the work.

NDPERS MEDICAL RFP PROJECT				
2014-2015 ILLUSTRATIVE TIMELINE				
TASK	WHO?	Start Date	Target Completion Date	Actual Completion Date
MTG - RFP PARAMETERS	GBS/NDPERS	May	May	
RFP DATA, CENSUS COLLECTION	NDPERS	May	May	
DRAFT RFP	GBS	May	Early June	
REVIEW DRAFT RFP, AS APPROPRIATE	NDPERS	Early June	Mid-June	
FINALIZE RFP	GBS/NDPERS	Mid-June	Mid-June	
ADVISE POTENTIAL VENDORS, AS DIRECTED	GBS	Mid-June	Mid-June	
ADVERTISE RFP, AS DESIRED/REQUIRED	NDPERS	Mid-June	Mid-June	
RELEASE/POST RFP ON WEBSITE	GBS/NDPERS	Mid-late June	Mid-late June	
WRITTEN QUESTIONS DUE	VENDORS	Early July	Early July	
WRITTEN RESPONSES POSTED	GBS/NDPERS	Early-mid July	Early-mid July	
PROPOSALS DUE	VENDORS	End of July	End of July	
PREPARE/REVIEW PRELIMINARY FORECAST	GBS	July	Mid-late August	
ANALYSIS OF INSURED PROPOSALS COMPLETED/PRESENTED	GBS	September	September	
FINALIST INTERVIEWS, IF NECESSARY	GBS/NDPERS	September	September	
ANALYSIS OF SELF-FUNDED PROPOSALS COMPLETED/PRESENTED	GBS		1/29/2014	
FINALIST INTERVIEWS, IF NECESSARY	GBS/NDPERS	Late September	Late September	
MEETING WITH NDPERS BOARD	GBS/NDPERS	October	October	
INTERVIEW/MEETINGS W/ BOARD/STAFF	GBS	November	November	
FINAL DECISION	NDPERS	December	December	
LEGISLATIVE SUPPORT/ASSISTANCE	GBS	January 2015	April 2015	
IMPLEMENTATION ASSISTANCE	GBS	April 2015	June 2015	
OPEN ENROLLMENT	GBS/NDPERS	May 2015	June 2015	
EFFECTIVE DATE OF COVERAGE			July 2015	

II. MINIMUM REQUIREMENTS

The successful vendor must have a multidisciplinary staff including a health actuary with experience in the work requirements outlined herein. The firm must also have demonstrated experience in doing the work outlined herein. The firm must be able to meet the timelines outlined in this RFP. Preference will be given to those firms with public sector experience and previous experience in doing state level health RFP's for fully insured and self insured plans.

GBS meets and exceeds the minimum requirements of your RFP.

- Our Denver office prides itself in its demonstrated proficiency, and commitment, to serving the public sector. Over one-half of our clientele are governmental entities, and we are recognized as a Gallagher “governmental center of excellence”.
- The team includes a team of consultants, with actuarial support, that are highly experienced in conducting similar work for larger public entities, including multiple RFPs for state health plans. Among relevant prior experience:
 - Gallagher, and specifically, .members of the proposed team, have conducted similar work for NDPERS.
 - We have conducted numerous RFPs for the State of Oklahoma Employee Benefits Department, through our ongoing consulting and actuarial services engagement.
 - We have been selected on three different occasions to conduct a formal RFP on behalf of the New Mexico Interagency Benefits Advisory Committee, comprised of four large public agencies, including the State of New Mexico.
 - We have conducted other RFPs specific to the State of New Mexico
 - We have conducted numerous RFPs for the University of New Mexico.
- GBS has a health actuary division, Health Care Analytics (HCA) with offices in three locations: Princeton, NJ, Minneapolis, MN and West Palm Beach, FL. HCA has provided actuarial services for NDPERS in the past and is fully capable of meeting all its actuarial requirements in the future.
- GBS has a pharmacy consulting practice based in suburban St. Louis, MO. Our national practice leader, Michael E. Thomas, Pharm. D., will serve as a resource to our team.

We are fully prepared to meet the timelines outlined in the RFP.

III. PROPOSAL

1) Technical Approach.

a. Generally discuss your understanding of the work requested.

Our understanding of the work is that NDPERS is seeking to comprehensively, through forecasting, competitive bidding and analysis, assess both fully insured and self-funded approaches for the medical offerings for the 2015-2017 biennium. The project will be conducted in a manner to allow NDPERS to effectively weigh the relative merits and implications of both funding approaches, while addressing the various statutory requirements. In addition, as applicable, the work is to include support for any legislative interaction/inquiries that will arise.

b. Timeline – discuss your understanding of the timeline for this effort and your ability to meet those timelines.

Our understanding of the timeline is set forth in Section I, and we are fully able to meet those timelines.

c. Approach – discuss your project plan for this effort, identify major steps, timeframes and products.

Having conducted similar work for NDPERS previously, and based on our extensive experience in conducting similar projects for other states and large public employer plan sponsors, we have a detailed understanding of requirements of this project. Major steps and anticipated timeline are described in Section I.

We will rely on our proven RFP templates as a baseline for developing a customized set of specifications tailored to NDPERS. In addition, we have developed proprietary analytic tools and models that enable us to effectively value provider networks.

d. Describe the method used by your firm to project expected claims. Also, provide specific details of how your firm decides the appropriate medical trend; what factors are considered; (i.e., historical claims trends, cost shifting, leveraging, intensity, etc.) and how these factors are weighted or allocated in the final decision. Please discuss how this relates to the NDPERS renewal.

We first assess historical eligibility and enrollment over the past 2-3 years, and any upcoming organizational developments, in an attempt to determine any changes or dynamics in the historical experience, as well as to anticipate future exposure. We then assess the past 2-3 years of claims, breaking those claims down between medical and pharmacy, to assess underlying themes.

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We assess recent plan design changes, and other cost management/related initiatives that have been implemented during the past two years, in order to consider any impact on underlying claims experience, and make actuarial adjustments, using our proprietary actuarial plan design modeling software, to take into account the estimated impact these changes have had on claims.

A key element of our analysis is the assessment of large claims, and the impact that those claims have had on underlying experience. Using our proprietary data warehouse and industry norms, we adjust historical claims to normalize this experience.

Another factor considered is the underlying reimbursement arrangements that are in place with network providers, along with any recent/anticipated changes in networks/reimbursement arrangements.

Working off of this baseline, we then arrive at assumed trend factors for both medical and prescription drugs, developing best estimates, optimistic estimates and conservative estimates. These trend assumptions are based on a combination of factors – general trend, provider/network reimbursement terms/mechanisms, demographics, differences that impact Medicare eligible retirees, and to some degree, the historical experience of NDPERS.

With these projections completed, we are then able to apply any adjustments, using our expertise, experience, proprietary modeling/data warehouse tools and carrier/vendor representations. Examples of situations where adjustments will occur include plan design changes, changes in network access/reimbursements, rebate considerations, etc.

e. Specifically address how you would approach the review of the NDPERS bidding process, the product we could expect and the range of considerations you may review.

We would approach the review of the proposals as follows.

- Initially, work with NDPERS to assure timely submission/receipt, in order to determine if a proposal will be considered.
- Review the proposals for any minimum requirements or deviations, and then work with NDPERS to determine if any proposals are to be disqualified.
- Conduct a quantitative analysis of all qualified vendors, looking at fixed costs, and in the case of self-funded proposals, strength of network reimbursement arrangements.
- Conduct a provider access analysis, addressing both access and disruption.
- Assess other qualitative considerations.
- Prepare a report, which would summarize all of the above, commenting on qualitative highlights and providing detailed quantitative analysis/comparisons, taking into account as appropriate confidentiality concerns.

Beyond the above, other considerations we will review:

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- Approach in addressing/driving evolving health care reform as related to provider education, contracting, reimbursement, performance, etc.
- Perceived strength of population health management programs, tools and resources
- Perceived strength, as warranted, of consumeristic tools and resources
- Implementation preparedness, guarantees
- Demonstrated effectiveness, references in partnering with other similarly situated plan sponsors

f. Exceptions – identify any exceptions or variations in your proposal from the work effort identified in this RFP

There are no exceptions or variations to the work specified in the RFP.

g. Outline the product NDPERS will receive from you.

NDPERS will receive comprehensive report from us that will contain the following information:

- Executive summary, highlighting key quantitative and qualitative considerations
- Detailed cost analysis
- Displacement analysis comparing existing to proposed provider networks
- Geo-access analysis of proposed provider networks
- Side-by-side comparison summarizing responses to select questions
- Recommendations of finalists for interviews

h. Identify your assumptions concerning the contributions of NDPERS staff toward this effort (i.e. that NDPERS staff will provide the data for projections, timeframes for NDPERS review of material, estimated dates that NDPERS staff need to be available for meetings, etc).

We would look to NDPERS to:

- support data gathering, whether by providing data and/or authorizing us to pursue data directly from in-force carrier(s).
- facilitate meeting scheduling/accommodations.
- provide insight/guidance as to RFP logistics – who is to release, advertising requirements, etc.
- arrive at evaluation process, criteria.
- with advice and insight from GBS, score proposals according to established process/criteria.
- for any desired review of draft work product, conduct timely review and feedback.

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2) Experience

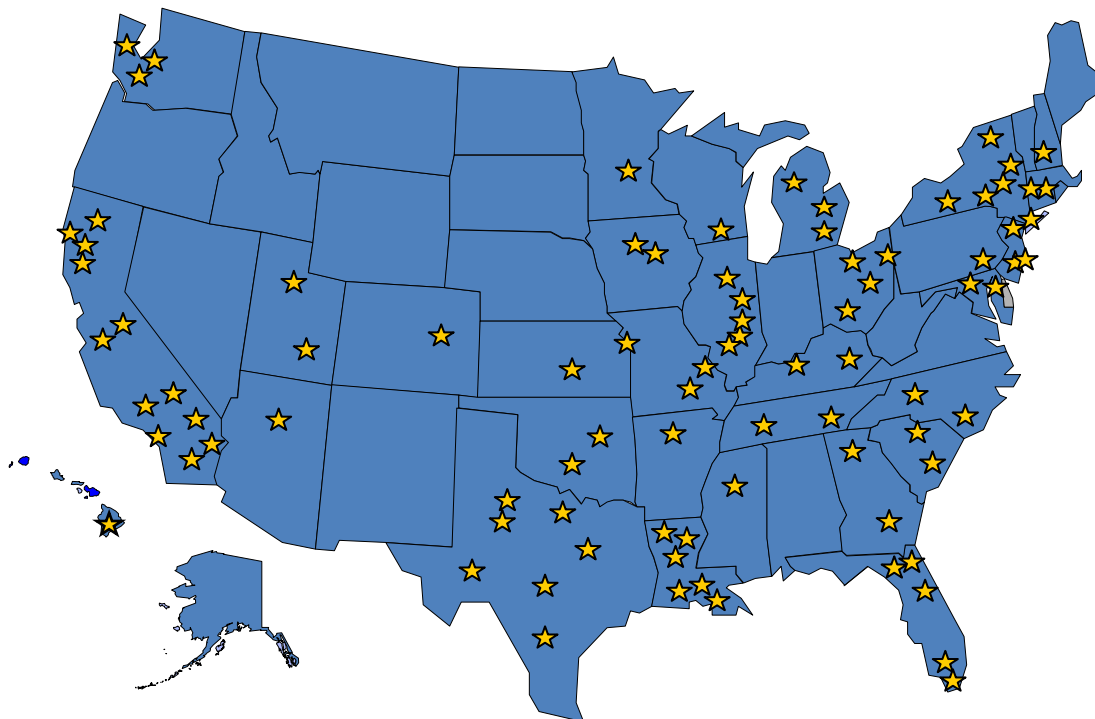
- a. **General firm experience – a brief description of the size, structure and services provided by your organization.**

ARTHUR J. GALLAGHER & CO.

With over \$2.5 Billion in annual revenue, offices around the world and over 15,000 employees, Arthur J. Gallagher & Co. is among the largest insurance consulting, brokerage and risk management advisory firms in the U.S. Its stock is traded on the New York Stock Exchange under the symbol of AJG. The Gallagher companies plan, design and administer a full array of customized employee benefit and property/casualty risk management programs.

Clients include the most recognized and respected global corporations and governmental plan sponsors. Since its founding in 1927, Arthur J. Gallagher & Co. has earned a reputation in the industry of having unquestionable integrity and an unmatched focus on customer service.

Gallagher has offices throughout the nation. At the same time, we deliver services through a unique approach that combines an entrepreneurial spirit with a commitment to service.



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Information on the entire Gallagher group of companies is included in the Appendix.

GALLAGHER BENEFIT SERVICES, INC.

Gallagher Benefit Services, Inc. (GBS) is the division of Arthur J. Gallagher & Co. with expertise in benefit strategies, plan design, employee communications, administration and compliance. The organization has a very flat structure so that decisions affecting our clients can be made quickly. We at GBS believe that we offer our clients a structure that they might have designed themselves...focused expertise, a client-centric philosophy and financial strength on par with, or superior to any of our competitors.

Your GBS consulting team is based in our Denver, Colorado office and will be supported by our health actuarial division (Healthcare Analytics) based in Princeton, NJ and our Pharmacy practice based in St. Louis, MO. Our Denver office has been one of the pre-eminent consulting firms across the entire Rocky Mountain Region for over 50 years, and is among our largest GBS offices.

Gallagher has recognized the need for industry and product category specialization since its inception in 1927. In that time, the company has developed particular expertise in working with the public sector arena and has served a large number of clients in this sector. In fact, GBS has a national practice group of consultants that is specifically dedicated to sharing trends, best practices and resources specific to your industry, and identifying ways to assist organizations such as yours to better manage the challenges they face in offering benefit plans to their employees. The appendix includes a list of clients served by GBS regionally.

Of particular importance and relevance is the unmatched local and regional public sector experience of the proposed consulting team. We serve a wide range of states, cities, counties, school districts, colleges and universities across a broad geographic spectrum.

Through our dedicated practice, we are ideally suited to partner with you in tailoring your benefits programs to these distinct attributes.

While we offer a comprehensive array of expertise locally, we work closely with other offices throughout the company to apply the best expertise in the industry to our clients' needs. Specific areas of expertise that we draw upon include:

- Dedicated Technical and Compliance Services
- Pharmacy Consulting
- Human Resources Consulting
- Public Sector Compensation Consulting
- Actuarial Services

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➤ Auditing Services

b. Identify and discuss similar projects you have done, for who, when and how they compare to this project in terms of work efforts. Also discuss the outcome of those projects if that information is available.

Having managed the medical/Rx project for NDPERS in the past, we have a thorough understanding and demonstrated ability to conduct the project. Further, GBS Denver has extensive experience with both large public sector insured and self-funded health plans, which will allow us to provide a comprehensive evaluation of both funding methodologies. Our public sector RFP management experience and expertise are unparalleled in the region. Among similar work, all of which had favorable outcomes, in terms of effectiveness and timeliness, are the following:

- New Mexico Interagency Benefits Advisory Council (IBAC): 160,000 active retired covered lives – we have been awarded this work on three different occasions, the most recent being in 2011
- Oklahoma Employee Benefits Department: 35,000 employees/retirees
- University of New Mexico: 8,0000 employees/retirees
- University of New Mexico Hospitals: 8,000 employees/retirees

c. Discuss your experience in working with Part D products in general and in the public sector. In particular discuss your experience with products similar to NDPERS product.

We have worked with clients that self-insure their Medicare eligible retirees, supporting their Medicare actuarial attestation and RDS subsidy efforts, as well as helping clients in working with vendors on either a self-insured or fully insured basis to align with Medicare Part D. We also have familiarity with this issue through past work with NDPERS.

d. Discuss your experience in doing health premium projections such as that requested in the RFP.

Given the significant amount of work we do with larger entities, many of which are self-funded or fully self-insured, this is an integral element of our core services. We regularly develop projections, both for purposes of conducting negotiations of fully insured arrangements (example: Oklahoma Employee Benefits Department) and in forecasting, budgeting and rate development for self-insured plans (example: State of New Mexico, University of New Mexico and Texas A&M University).

e. Discuss your experience in assessing wellness programs.

As wellness programs have become increasing mainstream, GBS has partnered with its clients in designing, implementing and assessing a wide array of wellness/population health management programs. We also have experience in value based benefit design. In assessing these programs, we

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have taken into consideration a variety of factors – participation levels, employee satisfaction, reductions in risk factors, impact on cohort-specific claims costs and impact on gaps in care.

- f. Discuss your experience with reviewing RX programs and proposals in general and for clients similar to NDPERS. Include in the discussion your experience in analyzing clinical programs, specialty drug programs, Rx networks, drug utilization review programs and rebate methodologies.**

We regularly review the various aspects of pharmacy pricing, design and administration. Areas of particular focus of late have been clinical management and specialty pricing and delivery. In addition, it is worth noting that our GBS Denver office has developed a proprietary PBM purchasing coalition, with the predominant proportion of participating employers being public entities, and with the number of covered lives served now approaching 60,000. Through the formulation and oversight of this arrangement, we have gained invaluable insight into pricing, rebates, specialty drugs, etc.

- g. Discuss your experience in assessing claim payment systems offered by vendors.**

We are familiar with, and have working knowledge of, most of the claims payment systems in use today by carriers and vendors. In addition, through our claims auditing unit, we have had the opportunity to conduct formal onsite reviews of many of those systems.

- h. Provide a list of clients for whom your organization has performed similar tasks and specifically highlight efforts in the public sector.**

Our Denver office is unparalleled in this regard. The following provides just a sample of clients/entities for which we have conducted medical RFPs, and/or prepared forecasts. Of particular note, all of these are large public sector entities:

- Bernalillo County
- City of Billings
- City of Las Cruces
- New Mexico Interagency Benefits Advisory Committee, comprised of four different agencies representing 160,000 covered lives
- State Of New Mexico
- NDPERS
- Oklahoma Employee Benefits Department
- Texas A&M University
- University of New Mexico
- University of New Mexico Hospitals

- i. Discuss your experience in reviewing the adequacy and pricing implications of vendor provider**

networks and comparing networks from one provider to another.

With the majority of our work having been related to conducting RFPs, and or forecasting, for self-funded/self-insured entities, this has been an integral element of our services. We have developed analytical processes that assess reimbursement arrangements beyond reported discounts, thereby enabling plan sponsors to more effectively value networks. As many of the clients for which this work has been done are ongoing clients, we have also had the opportunity to assess, and confirm, the network reimbursements retroactively.

Beyond network pricing, we are also monitoring, and assessing, evolving developments in network management – episode-based reimbursement, pay for performance, patient centered medical homes, etc.

j. Indicate your organization’s depth of experience in each of the following areas:

As a full-service employee benefits consulting and actuarial firm, we have extensive experience in advising and supporting our clients in all aspects of employee benefits - plan design, financing, administration, technical/compliance, and communications. That said, we have only briefly commented on each of the items below, while noting any highlights or caveats.

1. Benefit Design (health)

Extensive depth.

2. Retiree Health Insurance

Extensive depth.

3. Preparation of Plan Documents

Extensive depth in coordinating, reviewing and maintenance, working closely with clients and their carriers/vendors/legal counsel. That said, GBS does not prepare plan documents. We can refer NDPERS to legal firms that are qualified to provide these services.

4. Preparation of Member Booklets

Extensive depth in coordinating, reviewing and maintenance, working closely with clients and their carriers/vendors/legal counsel. That said, GBS does not prepare comprehensive summary plan descriptions, but does regularly work with our clients in developing employee booklets and other communications materials.

5. Provider Contract Negotiations

Extensive depth. Given our large regional public sector client base, we have significant benchmark data that is invaluable in negotiations with carriers and service providers.

6. PPO Formulation and Development

Extensive depth in evaluating and pricing PPO networks, and in the design of PPO plan designs. We also have supported our clients in direct provider negotiations in certain situations.

7. Actuarial Analysis and Reporting

Extensive depth. With the large majority of our clients self-funding one or more of their health plan offerings, we are regularly called upon to deliver these services as an integral element of our engagements. GBS' actuarial division, Health Care Analytics (HCA) provides a variety of tools and resources to support these efforts, serves as an ongoing resource, and oversees/contributes to analysis as appropriate. HCA would review and sign off on all medical/Rx plan financial reports and projections, and certify reserves.

8. Preparation of Contracts, Bid Specifications and RFPs

GBS has extensive experience with large public sector bid specifications and RFPs. However, we do not prepare contracts. We can refer NDPERS to legal firms that are qualified to draft contracts.

9. COBRA Administration and Interpretation

Extensive depth. All of our large public sector clients rely on us for COBRA compliance assistance. Our national TSC compliance unit provides these services. Although we do not administer COBRA, we can assist NDPERS in soliciting a vendor to provide these services, as required.

10. Legal Issues

Extensive depth, relying on extensive experience and knowledge of our team, and complemented by our corporate Technical Support and Compliance Unit. This unit conducts ongoing research into state and federal compliance matters, disseminating invaluable, timely guidance to our team, which in turn partners with their clients to provide insightful, actionable assistance for all our large public sector clients.

That said, GBS does not provide legal advice. We are prepared to work on behalf of NDPERS with legal counsel as directed, and are able to call upon a standing relationship GBS maintains

with a large national law firm, should that be desired, in which case the law firm would bill NDPERS directly.

11. Disease Management Programs

Extensive depth. Further, through HCA and **GBSInsider**, our optional, proprietary data warehouse, we are able to assess the effectiveness of existing DM programs.

12. Wellness Programs

Extensive depth. We regularly advise on strategic, design, technical/compliance and administrative considerations, and have also worked with various clients in conducting RFPs to select stand-alone wellness vendors.

13. RX Carve out Programs

Extensive depth, both locally and through our national pharmacy consulting practice. Many of our large public sector clients, including the states of NM, Texas A&M, and the University of NM use carve-out PBMs for their self-funded plans. As an indication of our experience, solutions driven approach and creativity, GBS has also developed a proprietary PBM purchasing coalition, which has grown to serve well over 20 employers and 60,000 covered lives.

14. Legal Assistance

Extensive depth, relying on extensive experience and knowledge of our team, and complemented by our corporate Technical Support and Compliance Unit. This unit conducts ongoing research into state and federal compliance matters, disseminating invaluable, timely guidance to our team, which in turn partners with their clients to provide insightful, actionable assistance for all our large public sector clients.

That said, GBS does not provide legal advice. We are prepared to work on behalf of NDPERS with legal counsel as directed, and are able to call upon a standing relationship GBS maintains with a large national law firm, should that be desired, in which case the law firm would bill NDPERS directly.

k. Describe your organization's experience and availability regarding legislative hearings and testimony.

Given our prior work with NDPERS, as well as with any number of states, we are very familiar with, experienced in, and uniquely qualified to support legislative analysis, as well as attend/participate in legislative hearings/testimony.

l. Explain how your organization develops premium rates for health insurance plans.

Please see our response to Section II.1.d. Once that process has been completed, we add appropriate fixed fees, stop-loss/pooling charges (as applicable), and in the case of fully insured premiums, reasonable retention charges, arrived at through our extensive work with other large public entities.

In addition, we will then include other costs relative to PPACA. Examples might include PCORI fees (as applicable), health insurer fees (as applicable), plan design requirements, and transitional reinsurance fees.

Finally, in the case of self-funding projections, we take into account prudent reserving recommendations, along with a rational means by which to achieve the recommended reserves.

m. What new cost containment programs does your organization foresee being implemented in the next 2-3 years and how are you positioned to provide assistance.

Among the areas that we are closely monitoring, and/or already have been addressing:

- Various alternative health care delivery/reimbursement models:
 - Intensive, coordinated care coordination – “hot spots”
 - Patient centered medical homes
 - Accountable care organizations
 - Episodic reimbursements
 - Domestic medical tourism
 - Pay for performance initiatives
- Rational consumer oriented plan designs
- Value based benefit design
- Targeted population health management
- Selective implementation of complementary onsite clinics, pharmacies
- Selectively, telehealth
- Private exchanges

n. Identify and discuss your experience with reviewing self insured plans the adequacy of the stop loss coverage offered.

Given the extent of our experience in working with larger public entities, we are uniquely qualified in this regard. Relying on our expertise, our knowledge and leverage with the stop-loss market and our proprietary actuarial tools, we are able to effectively advise our clients on appropriate risk management/optimization, aligned with statutory requirements, reserving philosophies and budgetary realities.

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- o. In terms of implementation efforts discuss the services you have offered other clients and in particular, if NDPERS went self insured, the services you could offer.**

We have partnered with any number of clients in implementing a self-funded program. Among the areas we would be prepared to support:

- Plan design
- Vendor implementation oversight, including negotiations of implementation performance guarantees
- As applicable, vendor integration coordination
- Coordination of contracting, documentation efforts
- Working with appropriate parties, support the establishment of accounting and banking arrangements
- Developing reserve philosophies and build-up strategies
- Stop-loss solicitation, negotiations and optimization
- Advising on any technical/compliance considerations
- Communications

3) Staffing

- a. **This Section should include individual resumes for the personnel who are to be assigned to the project and should indicate the proposed project role or assignment of each individual. The project team should include staff with experience in developing RFP's of the type requested herein, evaluating responses, doing the required actuarial analysis and assisting with implementation.**

As is the case for all of our larger engagements, we utilize a multi-disciplinary client service model which deploys a designated team of highly qualified, and experienced, professionals. Of particular note, all members of the team are highly experienced in conducting formal RFPs for public entities.

Managing Consultant – Don R. Heilman, Area Senior Vice President, will serve as the Managing Consultant. Don is very familiar with NDPERS, and currently serves in this role for a number of comparable, large public entities. He will oversee all services provided to NDPERS and be responsible for assuring appropriate resources and meeting attendance.

Don has consulted to larger public entities for over 25 years. He previously served as the GBS Public Entity Practice Leader, and continues to be an active contributor. He regularly attends, and speaks at, various employee benefits forums specific to the public sector. For example, he served as a panelist for the keynote session at the 2014 State and Local Government Benefits Association.

Co-Consultant – Shawn Adkins, Area Assistant Vice President, will serve as a co-consultant. Shawn works closely with Don in serving a number of larger public entities, many of which have similar requirements to that of NDPERS. Shawn has previously worked on a similar engagement with NDPERS, and will provide strategic and technical insight, while managing our internal NDPERS team. Shawn, with oversight from Don, will oversee all carrier/vendor evaluation and analysis, projections, premium and contribution rate development.

Actuarial Principal – Glen Volk, FSA, MAAA, Vice President, will be the Actuarial Principal on the team. He will oversee and review all work done by the actuarial staff.

Pharmacy Consulting Practice Leader – Michael E. Thomas Pharm D, MBA, National Pharmacy Consulting Practice Leader, will serve as a resource to the team with respect to all pharmacy considerations.

Technical Consultant – Toby Kluppel will serve as the Technical Consultant. Toby formerly served in a senior underwriting capacity for a major carrier, and will be responsible for reporting, forecasting, plan design modeling, rate development, and network evaluation.

Client Manager – Dana Donovan and Erica Emmons will jointly support RFP development and analysis. In addition, Erica will serve as the day-to-day resource to the team and NDPERS for

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various administrative, technical and compliance matters, and play an integral role in carrier/vendor implementation.

Compliance Consultant – Mark Restum, Compliance Consultant, will serve as a compliance resource. Mark is a dedicated staff member of our corporate Technical Support and Compliance Unit, and resides in our Denver office.

Although this is our proposed team, it is critical that you have an excellent working relationship with each member of the team. GBS always welcomes the client's input regarding any team member and is willing to change team members to foster a better working relationship.

- b. Resume information should identify not only educational and work history but also specific information on what clients the individual has worked for and in what role. Please note we may use this information to contact past clients to gather information on the individual.**

As noted above, all members of our team are experienced in conducting the work similar to that specified by NDPERS in its RFP. See the Appendix for Professional Summaries.

An illustrative list of clients we serve, including representative organizations (in your sector is included as an appendix. In addition, the following are provided as references for our services. We encourage you to contact them, and would be pleased to provide additional references upon request.

1. State of New Mexico

AJ Forte, Director, Risk Management Division
State of New Mexico
1100 St. Francis Dr., Room 2073
Santa Fe, NM 87502
anthonyj.forte@state.nm.us
505-827-3642

OR

Gayle Kenny
Bureau Chief
State of New Mexico
1001 St. Francis Dr., Room 2073
Santa Fe, NM 87502
gayle.kenny@state.nm.us
505-827-2412
Ongoing consulting and actuarial services, including RFPs

2. New Mexico Interagency Benefits Advisory Committee

Claudia Melendrez-Rel, Operations Manager
New Mexico Interagency – Represents State of New Mexico

North Dakota Public Employees Retirement System

claudia.melendrez-r@state.nm.us

505-827-0450

Comprehensive medical, dental, vision RFP on three different occasions

North Dakota Public Employees Retirement System

3. State of Oklahoma, Employee Benefits Department

Jimmy Trotter, Director of Benefits

State of Oklahoma Employee Benefits Council 2101 N. Lincoln Blvd., Room 560

Oklahoma City, OK 73105

jimmy.trotter@osf.ok.gov

405-522-1180

Ongoing benefit consulting and actuarial services, including RFPs

4. University of New Mexico

Elaine Phelps, Benefits & Employee Services Director

University of New Mexico

MSC 01 1220 1 University of New Mexico

Albuquerque, NM 87131-0001

ephelps@unm.edu

505-277-6974

Ongoing benefit consulting and actuarial services, including RFPs

Please note that it is critical that the information presented in this section is specific enough for us to understand who is being assigned to major efforts proposed in the RFP and that their role, responsibility.

We have attempted to efficiently highlight the relevant experience and roles of each team member, and are happy to address any questions, or provide additional information, as desired.

4) Additional Information.

- a) **This section is optional and can include any additional information the offeror deems relevant to this procurement and the satisfaction of the Board's objectives.**

One area in which we have truly partnered with our clients is in addressing the myriad aspects of the Affordable Care Act. As an example of the commitment we have made, we encourage you to visit our website we have developed, dedicated to Health Care Reform: www.gbshealthcarereform.com

While not central to the RFP work, it is worth sharing information about our proprietary data warehouse application, in that it has been found to be a valuable asset by other large, self-funded public employers.

GBSInsider™

Further, GBS has designed and built a proprietary online data warehousing and reporting system, GBSInsider™, to provide its employer clients with the plan information they need to identify specific health benefit plan cost drivers and to adequately evaluate alternatives for controlling those costs. If implemented, the tool and services can provide you with insight into your plan cost and utilization information that you can use to make informed plan management decisions. This information will enable you to:

- **Benchmark.** Conduct an organized study of your health plan data to understand fundamental cost drivers in total and in over 40 separate medical service categories compared against benchmarks tailored to your demographics, plan design, industry, and geographic location.
- **Forecast.** Accurately forecast your incurred claim costs for the immediate future.
- **Assess “disease burden.”** Using our clinical model and our strong benchmarking approach, provide targeted information that can lead your management to specific problem areas, and to solutions that are the least disruptive to the employee population.
- **Predict.** Through our predictive model, determine the inherent retrospect and prospective risk in individual claimants and the overall group.
- **Measure.** Using our clinical model and the predictive model, build a foundation for measuring the financial impact of any wellness or disease management programs.

Key features of GBSInsider™ include:

- Integrated enrollment and claims experience from an unlimited number of vendors across your medical, prescription drug, and dental plans

North Dakota Public Employees Retirement System

- 24/7 Internet access to a comprehensive group of standard reports
- Experience figures reported on a fully incurred basis
- Client-customized benchmarks
- Predictive modeling to forecast future costs on both group and member-specific diagnosis-related Health Risk Index bases
- Data updating as frequently as client desires

As described above, we believe that GBS Denver and the other members of our proposed client team are uniquely qualified to provide the broad range of services required by NDPERS as demonstrated by our large public sector experience and specialization.

We would value the opportunity to renew our partnership with NDPERS.

5) Conflicts of interest.

- c. **In this Section the offeror shall identify and discuss any potential conflicts of interest. The contractor cannot receive any other compensation relating to this work effort except as provided in the cost proposal. Any other arrangements and/or relationships/contracts the offeror may have with vendors that could be a part of this solicitation must be identified herein and may serve as cause to disqualify the offeror.**

GBS is not aware of any conflict of interest that would preclude us from effectively providing the scope of services required by NDPERS. We agree not to accept any direct or indirect compensation on behalf of NDPERS other than our consulting and actuarial fees.

North Dakota Public Employees Retirement System

6) Company Literature (if applicable).

If company literature or other material is intended to respond to any RFP requirement, it must be included in this section. The offeror's responses in previous sections of the proposal must include reference to the document by name and page citation.

Not applicable.

Appendix 1

About the Arthur J. Gallagher & Co. Group of Companies

North Dakota Public Employees Retirement System

About Arthur J. Gallagher Group of Companies

Arthur J. Gallagher & Co. is a full service consulting and brokerage firm, tailoring services and programs to meet its clients' needs.

Gallagher Benefit Services (GBS)

The employee benefits division of Arthur J. Gallagher & Co. provides its clients with information support, assistance in plan design and management, as well as the coordination of all plan operation issues. We have nationwide consulting experience with diverse, multi-site clients and provide our clients with a partner exceedingly familiar with the needs and objectives of employee benefit programs.

Gallagher Retirement Services, Inc. (GRS)

GRS delivers innovative solutions for retirement plan customers through practice offices across the country, providing a single source of expertise, blending national resources with local market knowledge.

Gallagher Brokerage Services Division (BSD)

This division specializes in structuring property/casualty insurance and risk management programs for commercial, industrial, institutional, and governmental organizations through a nationwide network of offices.

Gallagher Bassett Services, Inc. (GB)

Gallagher Bassett Services, Inc. provides a broad range of risk management services – including claims and information management, risk control consulting, appraisals, and claims investigations to corporations and institutions worldwide on a totally-integrated or select, stand-alone basis.

Gallagher Bassett International, Inc. (GBI)

GBI is a London-based subsidiary that provides unbundled risk management services to foreign insurance companies, reinsurance companies, overseas brokers, and risk managers of overseas organizations, as well as to companies in the U.S. that are foreign controlled.

Arthur J. Gallagher & Co. (Bermuda) Ltd.

This is an offshore subsidiary providing access to the many specialized insurance and reinsurance companies operating with the Bermuda marketplace, acting as an intermediary to place excess protection for pools, captives, risk retention groups, and other self-insurance arrangements.

North Dakota Public Employees Retirement System

Gallagher Captive Services, Inc.

This is a subsidiary specializing in the design and development of group, association, and single-parent captives. Its comprehensive captive services encompass feasibility studies, domicile management, and program management.

Arthur J. Gallagher (UK) Limited

This is a Lloyd's broker which directly accesses Lloyd's and other London and international insurance markets, placing risks for Arthur J. Gallagher & Co's U.S. brokers, other brokers and carriers worldwide, and direct retail clients.

International Risk Specialists (ISRS)

ISRS is a wholesale facility which helps Arthur J. Gallagher & Co. brokers access differentiated insurance programs, excess and surplus lines carriers, and standard markets through the world to provide clients with the most favorable and competitive alternatives.

Arthur J. Gallagher Intermediaries, Inc.

This is a specialty marketing subsidiary operating as a casualty reinsurance intermediary and surplus lines broker for domestic and captive insurance companies, risk-sharing pools, and independent insurance brokers.

Risk Management Partners Ltd. (RMP)

This division has sales offices in both England and Scotland and is one of just a handful of companies currently marketing insurance and risk management products and services to U.K. public entities. It is jointly owned by Arthur J. Gallagher & Co. and a subsidiary of American Re Corp., the international reinsurance giant.

Services We Provide

EMPLOYEE BENEFIT PLAN MANAGEMENT

- *Financial Analysis and Management*
- *Plan Design Consulting*
- *Benefits Administration Support*
- *Compliance*
- *Communication*
- *Benchmarking*
- *Competitive Bidding, Selection and Negotiation*

POPULATION HEALTH MANAGEMENT

- *Prevention*
- *Wellness*
- *Health Coaching*
- *Disease Management*

ACTUARIAL ANALYSES

- *Retiree Health*
- *Cafeteria Plans*
- *Data Warehousing*
- *In-depth Analytics*

RETIREMENT PLAN SERVICES

- *Plan Integration and Transition*
- *Investment Selection*
- *Compliance*
- *Communication*

EXECUTIVE PROGRAMS

- *Supplemental Retirement Planning*
- *Buy-Sell Arrangements*
- *Key employee insurance*

COMMUNICATION SERVICES

- *Summary Plan Descriptions/Documents*
- *Plan Enrollment Communications*
- *Technology Based Communication*

INTERNATIONAL BENEFIT CONSULTING

- *Plan Design*
- *Funding*
- *Compensation*

Human Resources Consulting Service

- **Business Strategy Deployment**
 - Communicating your business strategy to employees
 - Defining how individuals and departments fit into your strategy
 - Keeping employees and managers focused on success through clear linkages between business strategy and performance management systems
- **HR Strategic Plan Design**
 - Helping to develop and align your HR strategic plan with your organization's business plan and growth objective
 - Identifying the right employees with the right skills to implement the plan and aligning hiring/development goals where gaps in current staffing exist
 - Developing a roadmap for other critical HR processes
- **Workforce Decision Support**
 - Industry surveys that benchmark your competitive position among your peers
 - HR metrics, turnover studies, absenteeism analysis, union negotiations, and M&A due diligence
- **Workforce Staffing and Forecasting**
 - Testing mathematical models to help you forecast staffing needs
 - Help in analyzing historical trends and employee demographics, including age, productivity data and retirement projections
- **Compensation Program Design**
 - Platform development or renovation including job grades, salary ranges, and compensation policies
 - Internal equity audits
 - Executive compensation
- **HR Efficiency and Compliance**
 - HR assessments
 - Training programs
 - Employee handbooks
- **Recruiting Strategy and Process**
 - Executive search
 - Diversity search

Appendix 2

Professional Summaries



Arthur J. Gallagher & Co.



DON R. HEILMAN

**Area Senior Vice President
Gallagher Benefit Services, Inc.**

303-889-2686

Don_Heilman@AJG.com

Don joined Gallagher Benefit Services, Inc. as an Area Vice President in 2002. He has over 20 years of experience in the benefits industry, having served both as a benefits manager and as a consultant.

Don has extensive experience in the design, financing and implementation of comprehensive health and welfare benefits programs. In particular, he has significant experience and expertise in self-funding. He has a strong background in flexible benefits, having advised on the development of a number of cafeteria plans. Other areas of expertise include population health management, paid time off/disability design and retiree health.

Don obtained his undergraduate degree in mathematics, and has completed graduate work in statistics. He is affiliated with a number of human resources associations, and is a frequent speaker on benefits related topics. Among organizations for which Don has spoken:

- International Foundation of Employee Benefit Plans
- Colorado Chapter of Certified Employee Benefits Specialists
- Colorado Society for Human Resource Management
- College and University Professional Association for Human Resources
- Public Risk and Insurance Management Association
- International Personnel Management Association
- National Public Employer Labor Relations Association



Arthur J. Gallagher & Co.



Shawn A. Adkins
Area Vice President
Gallagher Benefit Services, Inc.

303-889-2780
Shawn_Adkins@AJG.com

FIELDS OF EXPERTISE

- Self-Funding
- Development of benefit design and contribution strategies
- Adverse selection
- Network analysis
- Cost analysis & interpretation
- GASB 45
- Carrier negotiation

AFFILIATION/DESIGNATIONS

- Certified Public Accountant (AR # 6774)
- Certified Employee Benefit Specialist – International Foundation of Employee Benefits & Wharton School of Business
- Certified in Financial Management – Institute of Management Accountants
- Professional – Academy of Healthcare

EXPERIENCE

- Thirteen years experience in employee benefits consulting, hospital administration, and financial management with large national insurance companies.
- Two years experience in Investment Banking

CREDENTIALS

- Bachelor of Science – University of Central Florida - Accounting
- MBA – University of Arkansas – Finance
- Masters of Accountancy - Auburn University
- Masters in Computer Science – Columbus State University
- Graduate Work in Human - Resource Management University of Denver

REPRESENTATIVE LIST OF CLIENTS

- Array BioPharma
- CoBank
- Colorado College
- Colorado Springs Utilities
- City of Henderson
- IHS
- Regional University System of Oklahoma
- State of New Mexico
- State of Oklahoma – EBC
- University of New Mexico
- University of New Mexico Hospital



Arthur J. Gallagher & Co.

Glen Volk, FSA, MAAA

**Area Vice President, Consulting Actuary
Gallagher Benefit Services, Inc.**

Glen is a Vice President & Consulting Actuary with Healthcare Analytics, a Division of Gallagher Benefit Services, Inc. He has 25 years of varied experience in the actuarial field, and has been with the Gallagher family of companies since April 2000.

Glen's primary responsibility with Healthcare Analytics is to work with plan sponsors in the design, pricing, and financial management of their benefit plans. He works with several Gallagher offices around the country, typically with their largest and most complicated clients. He also provides consulting support to health plans and provider organizations. Prior to joining Gallagher in 2000, Glen held various positions in the management consulting and insurance industries. He has extensive experience in managed care and in the reinsurance field. He has also served on several health care reform panels and committees.

EXPERIENCE

- Traditional Health and Welfare consulting to Plan Sponsors including underwriting and budgeting, plan design, and claim reserve development.
- Network evaluations for Plan Sponsors, with a focus on provider discounts.
- Provider negotiations for managed care plans, including risk arrangements.
- Preparation of a variety of rate filings for state and federal regulators for commercial and government health products.
- Retiree health plan design and valuation (GASB 45, FAS 106)

PRIOR POSITIONS

- Chief Actuary, Neighborhood Health Partnership
- Vice President, John Alden Insurance Company
- Assistant Vice President, Great American Reserve Insurance Company
- Consulting Actuary, A. Foster Higgins
- Actuarial Assistant, Confederation Life Insurance Company

EDUCATION AND PROFESSIONAL DESIGNATIONS

- B.S. in Mathematics, University of Regina (Saskatchewan)
- M. Math in Applied Mathematics, University of Waterloo (Ontario)
- Member of the American Academy of Actuaries (MAAA)
- Fellow of the Society of Actuaries (FSA)



Arthur J. Gallagher & Co.

Michael Thomas, Pharm. D.

**Vice President, National Pharmacy Management
Gallagher Benefit Services, Inc.**

Dr. Thomas holds an undergraduate degree in chemical engineering from the University of California at Long Beach. He graduated with a Doctor of Pharmacy from University of Southern California in 1973. He completed his internship/residency in general medicine, surgical and psyche at Los Angeles County Hospital, and is a 1991 graduate of the Medical Management Fellowship, executive MBA program of the University of California at Irvine. He also is a past fellow of Managed Healthcare from the Philadelphia College of Pharmacy and Science, 1991-1994. Michael has spent 12 years in community pharmacy service in both the ambulatory and hospital setting. Michael has spent the past 25 years in Managed Care pharmacy, with 11 years as the pharmacy director of a 2 million life HMO and 8 years as Vice President of Clinical Pharmacy Services and Vice President of Clinical Training and Education for Express Scripts, Inc., one of the largest PBM's in the US. Dr Thomas also spent two years as the Acting Director of The Center for Pharmaceutical Care Research and Education for the Pharmaceutical Care Management Association.

Dr Thomas is one of the original members of the Academy of Managed Care Pharmacy, where he has held many positions since its inception in 1989. Dr Thomas has made hundreds of presentations, concerning managing the pharmacy benefit, at various educational programs and association meetings over the past 20 years

Dr. Thomas currently is the Vice President, National Pharmacy Management, for Gallagher Benefit Services specializing in the area of managed care pharmacy, pharmacy benefit management, formulary selection review services, pharmacy drug spend analytical review, PBM training, advisory board services, speakers programs and speaker services, educational programs and continuing education services, formulary contracting and other clinical services, marketing and sales advice, specific claims audits and claims denial services.



Arthur J. Gallagher & Co.

Toby Kluppel

Technical Consultant

Gallagher Benefit Services, Inc.

303-889-2694

Toby_Kluppel@ajg.com

Toby joined Gallagher Benefit Services, Inc. in 2013 as a Technical Consultant. Toby has over 16 years of experience in the health insurance industry. Prior to joining Gallagher, Toby was an Underwriting Senior Specialist at Cigna for 13 years.

Toby has experience working on large private and public sector clients. He has extensive experience with claims and funding projections, contribution strategies, benefits plan change pricing, and claims data analysis.

Toby received his Bachelor of Science in Business Administration, with an emphasis in Finance, from the University of Texas.

In his spare time, Toby enjoys spending time with his wife and three children and mountain biking in the beautiful Colorado foothills.



Arthur J. Gallagher & Co.



DANA DONOVAN

**Senior Technical Analyst
Gallagher Benefit Services, Inc.**

303-889-2730

Dana_Donovan@AJG.com

Dana joined Gallagher Benefit Services, Inc. in 1996. She has over 20 years of experience in the benefits industry, and 12 years of benefit consulting experience.

Dana has extensive experience with client relations, especially pertaining to:

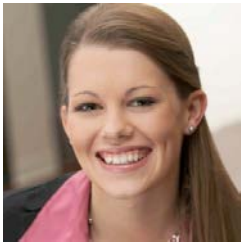
- Self funding arrangements
- Health plan negotiation
- Plan administration
- State and federal compliance
- Healthcare trends
- Managed care

She has experience working with a myriad of clients; both private and public sector, single and multi-site employers, large and small groups, and mergers & acquisitions.

Dana obtained her undergraduate degree Cum Laude in Psychology from Ft. Lewis College, is a licensed Life, Health & Accident Producer in the state of Colorado, and a professional member of the Colorado Group Insurance Association (CGIA).



Arthur J. Gallagher & Co.

**Erica Emmons**

Client Manager
Gallagher Benefit Services, Inc

303-889-2690

Erica_Emons@ajg.com

As a Client Manager, Erica is an integral part of the consulting team with expertise in compliance, funding arrangements, employee communications, marketing benefit plans, analysis of proposals, and vendor management. She serves clients in both the private and public sectors.

Prior to joining Gallagher Benefits Services, Inc. in 2013, Erica worked as an Associate Account Executive at a regional broker/consultant in the Houston, TX area. She also spent four years in the financial services industry with UBS Financial Services and Morgan Stanley as a Registered Client Service Associate. Erica graduated with honors from Texas A&M University with a bachelor's degree in finance. Erica is a licensed Life & Health broker in the state of Colorado.



Arthur J. Gallagher & Co.

MARK RESTUM

**Senior Compliance Consultant
Gallagher Benefit Services, Inc.**

303-889-2764

Mark_Restum@AJG.com

Mark joined Gallagher Benefit Services in 1994 and has over 24 years experience in employee benefits. Prior to joining Gallagher Benefit Services, he worked for a third party administrator.

Mark's current responsibilities include reviewing new legislation and regulations affecting benefit plans, monitoring pending legislation which may impact benefit plans, and researching compliance issues for clients. His special area of expertise is reviewing laws and regulations to determine the practical effect each will have on employee benefit plans, communicating the impact to consultants and clients and developing materials to assist our clients in their compliance efforts.

Mark is also responsible for conducting training sessions for GBS consultants and benefit seminars for GBS offices and clients in the Western Region. He has a Bachelor of Science degree in Business Administration from Wayne State University.

Appendix 3

Highlights of our Technology Tools

North Dakota Public Employees Retirement System

www.ajg.com

CareersInvestor RelationsContact UsFind a Location

Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS®

HomeSolutionsIndustriesKnowledge CenterAbout Us

Home :: Solutions :: Benefits & HR Consulting :: **Health & Welfare**



Solutions
Health & Welfare

Health & Welfare

Overview

A Tailored Approach

Specialized Programs & Tools

Results Delivered


Knowledge Center

An engaged workforce creates a more sustainable business.

What is your strategy for ensuring that your organization is as healthy, sustainable and competitive as it can be? In this historic era of change, where organizations are encountering intense pressure and scrutiny from every direction, investing in the health and welfare of your organization, your employee culture and your workforce is one of the best competitive moves you can make. The right employee benefits decisions made here will transform your organization and position you for long-term success.

Arthur J. Gallagher & Co. will help you manage change and simplify workforce planning with a strategic, innovative approach to benefits and compensation rewards. Our Health & Welfare Consulting team will help you design, implement and manage a cost-effective benefits program that is structured to reduce costs, improve workforce productivity, educate employees, mitigate risk and help you attract, retain and develop top talent. Gallagher solutions are designed holistically—you get a big-picture benefits program that's fairly priced, competitive within your industry and region, and aligned with your operational budget and goals. The result healthier, more engaged employees, better processes and workflows, improved recruiting and retention and more effective compliance strategies that reduce risk and strengthen your organization.

Contact Us



Norbert Chung
Executive Vice President, Western Region
Benefits & HR Consulting
North America



John Neumaler
Executive Vice President, South Central Region
Benefits & HR Consulting
North America

Arthur J. Gallagher & Co.

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North Dakota Public Employees Retirement System

Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS®

Home Solutions Industries Knowledge Center About Us

Home Locations Colorado Greenwood Village

Multiple perspectives. Custom solutions. Clear results...Gallagher.

At Arthur J. Gallagher & Co., we're a global provider with a hometown feel.

Because we know your business is unique and has challenges that cannot be resolved by "off the shelf" coverage, we have teams of experts that leverage the power of our global resources to design a custom solution specifically for you, while offering localized service when and where you need it.

Our office has specialists that can assist you with all of your commercial insurance or benefits and HR consulting needs. And our advisors will help you stay informed of evolving challenges and issues in your industry.

Most important, we pride ourselves on providing world-class service and innovative ideas. We see solutions where others see problems.

COMMERCIAL INSURANCE & RISK MANAGEMENT

There's no simple answer when dealing with the complex challenges you face every day. Economic issues, operational complexity, workforce impacts – every business requires solutions that help minimize their risk exposure while providing protection against unanticipated situations. Our Commercial Insurance and Risk Management Solutions include:

- Alternative Risk & Captives
- Claims Advocacy
- Commercial Surety & Bonds
- Environmental
- Fire Arts
- Loss Control
- Private Client & Personal Insurance
- Terrorism
- Workers Compensation

- Casualty
- Multinational Client Services
- Cyber Risk
- Financial Products
- Global Risk Management
- Management Liability
- Property
- Trade Credit & Political Risk

BENEFITS & HUMAN RESOURCES CONSULTING


INDUSTRIES WE SUPPORT

WESTERN LITIGATION

DIRECTIONS/MAP TO OUR OFFICE

EMPLOYEE ADVOCACY


Branch Managers



Jeff Kaseel

Area President

Insurance & Risk Management



Lester Kolts

Area President


Benefits & HR Consulting

Contact Us

Arthur J. Gallagher & Co.
Greenwood Village

8500 S. Fiddler's Green Circle
Suite 200
Greenwood Village, Colorado, 80111
United States


+1 303.773.0000



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North Dakota Public Employees Retirement System

**Gallagher Benefit Services, Inc.**
a Subsidiary of Arthur J. Gallagher & Co.

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ABOUT GBS SERVICES INDUSTRIES OFFICES RESOURCES NEWS HEALTHCARE REFORM

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RESOURCE

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GBS Insight

At Gallagher Benefit Services, we believe that building strong relationships with our clients is the cornerstone of our success. To strengthen our client relationships even further, we have developed GBS Insight. GBS Insight uses a powerful portal framework to deliver secure, personalized online access to the latest information and tools you need to effectively manage your company's human resource and employee benefit needs.

Through innovative technology, GBS Insight's portal platform will support solutions that are appropriate to help you get your job done.

GBS Insight offers the following complimentary core features:

- **My Desktop** A personalized workspace that will conveniently provide you one-click access to all of your online business needs of GBS. You can store your most frequently used internet links or contact any one of your GBS Account Team members with a click of a mouse. Additionally, My Desktop also offers you valuable insight to the latest industry updates through daily news feeds from HR & Benefit Essentials.
- **My Documents** A personal directory of your documents that you and your GBS account team can share. You can upload, download, and edit any document in your company folder and be assured that you and your GBS account team are the only individuals that will access your company's documents.
- **My Benefit Plan** A benefit plan manager that provides you convenient electronic access to your comprehensive employee benefit plan. You can improve employee customer service and enable more competitive and cost-efficient employee benefit packages by having your benefit plan readily available at your desktop through GBS Insight.
- **My Service Requests** A secure message board that allows you to submit, respond to, and track service requests containing private health information to any member of your GBS account team.

In addition to the complimentary core features, GBS Insight will provide you with the optimum flexibility to add the following services to your personalized desktop:

- **HRResource** A powerful search engine and information repository powered by HR & Benefit Essentials that delivers human resource, employee benefits, compensation, employment and regulatory issue information with the depth and breadth you need to get your job done.
- **Additional GBS Technology Solutions** A convenient way to gain single sign-on access to additional technology solutions available through GBS. GBS will store your usernames and passwords and provide you with one-click access to our technology solutions. Technology solutions currently available through GBS Insight include SmartBen, Connect2MyBenefits, and GBS Insider.

Please contact your Gallagher Benefit Services Consultant for more information regarding GBS Insight - the robust, insightful online benefits resource only available to Gallagher Benefit Services clients.

GBS Insight is the latest benefit of business designed for you to compliment the valued relationship we share. GBS Insight's intuitive technology will continue to evolve, providing you with all the tools you need available on one website.



GBS Insight
your single point
of online access.

[Learn More](#)

[Request A Demo](#)

Arthur J. Gallagher & Co.

North Dakota Public Employees Retirement System

BenefitPoint

BenefitPoint simplifies the employee benefits business by helping carriers and broker/consultants build stronger relationships with each other as well as their employer clients by:

- Eliminating the paper with Internet-based process automation
- Delivering an infrastructure that makes the procurement, distribution and management of employee benefits more efficient
- Lowering the cost of selling and distributing products and services
- Providing better access to employee benefit products and services, while providing information so people can make better decisions

Core Offerings

BenefitPoint provides a complete suite of employee benefits B2B products and services.

Application Suite

- Client management, benefits eProcurement
- Online communications, enrollment and administration – offered through [whereiwork's](#) CommunicationStudio, BenefitStudio and HRStudio
- Employee Benefits and worksite products
- Employee choice benefits program - offered through [BenefitsAlliance](#), A BenefitPoint Company
- Analytic and data mining services

North Dakota Public Employees Retirement System

GBS HEALTHCARE ANALYTICS - HRM

HRM is a state of the art Windows-based Rating Model that gives our clients the capability to develop medical plan premium rates for first dollar, specific excess and aggregate coverage.

Reinsurers, MGUs, Insurers, TPAs and Employers are among those who can benefit from HRM, using it as a primary source for quotes. The model can also value plan design changes and managed care cost and utilization reductions.

The **HRM** Rating Model allows you to simultaneously model up to 11 different multi-network plan designs. You have the flexibility to define plan design features for the overall plan and for any of the 28 service categories.

[illegible]

Plan Design Inputs

- Deductible
- Coinsurance
- Maximums (Annual, Lifetime, Out Of Pocket, Days/Services)
- Medical Copays (Per Admission, Per Diem, Per Service, Per Visit)
- Rx Copays (Two Tier, Three Tier, Three Tier Cost Plus)
- Area (3 digit zip code)
- Industry (SIC or NAICS)
- Census (Active and Retiree)

Defining the reimbursement and utilization characteristics of your plan is quick and easy with the intuitive input screens of **HRM**.

[illegible]

Appendix 4

Illustrative Public Sector Client List

North Dakota Public Employees Retirement System

COLORADO

- *City of Aurora*
- *City of Golden*
- *City of Longmont*
- *City of Thornton*
- *Town of Avon*
- *Town of Castle Rock*
- *Town of Estes Park*

- *Adams County*
- *Douglas County*
- *La Plata County*
- *Colorado Springs Utilities*
- *Denver Water*
- *Platte River Power Authority*
- *Pinnacol Assurance*
- *Academy School District*
- *Adams 14 School District*

- *Aurora Public Schools*
- *Boulder Valley Schools*
- *Cherry Creek Schools*
- *El Paso Schools #8*
- *Colorado State University*
- *Colorado Higher Education Insurance Benefit Alliance*

OUTSIDE OF COLORADO

- *State of New Mexico*
- *Oklahoma Employee Benefits Council*
- *City of Billings, MT*
- *City of Dubuque, IA*
- *City of Gillette, WY*
- *City of Henderson, NV*
- *City of Rio Rancho, NM*
- *City of Las Cruces*
- *City of Sioux City, IA*
- *Town of Marana, AZ*
- *Bernalillo County, NM*
- *Campbell County, WY*
- *Los Alamos County, NM*
- *Rapid City Area School District, SD*
- *Sioux City Schools, IA*
- *Socorro Independent Schools, TX*
- *National Conference on Public Employee Retirement Systems*

- *Campbell County Memorial Hospital, WY*
- *University of New Mexico Hospitals*
- *Nevada System of Higher Education*
- *Oregon University System*
- *Texas A&M University*
- *University of New Mexico*
- *Snohomish Public Utility District, WA*

Appendix 5

Section 8

Agreement for Services

SECTION 8 - OFFER

AGREEMENT FOR SERVICES

Contractor's proposal constitutes a formal offer to provide services to the North Dakota Public Employees Retirement System (NDPERS). The terms of this Contract, the RFP and the proposal shall constitute the consulting services agreement ("Agreement").

Contractor and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** Contractor agrees to provide the above accepted services as specified in the RFP and proposal. The terms and conditions of the RFP and the proposal are hereby incorporated as part of the Contract.
- 2) **TERM:** The term of this contract shall commence on the date of award and continue until the completion of the services identified, with an expected date of completion of all services by December 31, 2015 pursuant to the terms of the RFP.
- 3) **FEES:** NDPERS shall only pay pursuant to the terms in the proposal and RFP.
- 4) **BILLINGS:** The Contractor shall receive payment from NDPERS upon the completion of the services identified under this Agreement.
- 5) **TERMINATION:**
 - a. Either party may terminate this agreement with respect to tasks yet to be performed with thirty (30) days written notice mailed to the other party.
 - b. Termination for lack of funding or authority. NDPERS by written notice of default to CONTRACTOR, may terminate the whole or any part of this contract, under any of the following conditions:
 - (1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
 - (2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
 - (3) If any license, permit, or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended, or not renewed. Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.
 - c. Termination for cause. NDPERS may terminate this contract effective upon delivery of written notice to CONTRACTOR, or any later date stated in the notice:
 - (1) If CONTRACTOR fails to provide services required by this contract within the time specified or any extension agreed to by NDPERS; or
 - (2) If CONTRACTOR fails to perform any of the other provisions of this contract,

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or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

- 6) **EMPLOYMENT STATUS:** CONTRACTOR is an independent entity under this contract and is not a STATE employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S activities and responsibilities under this contract, except to the extent specified in this contract.
- 7) **SUBCONTRACTS:** CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE'S express written consent. However, CONTRACTOR may enter into subcontracts provided that any subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor. CONTRACTOR does not have authority to contract for or incur obligations on behalf of STATE.
- 8) **ACCESS TO RECORDS:** All participation by NDPERS members and their dependents in programs hereunder is confidential under North Dakota state law. The Contractor shall not disclose any individual employee or dependent information to the covered agency or its' representatives without the prior written consent of the employee or family member. The Contractor will have exclusive control over the direction and guidance of the persons rendering services under this agreement. The Contractor agrees to keep confidential all NDPERS information obtained in the course of delivering services. CONTRACTOR shall not use or disclose any information it receives from NDPERS under this contract that NDPERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by NDPERS or specified under this contract. NDPERS shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, N.D.C.C. ch. 44-04. The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this contract.

CONTRACTOR understands that, except for disclosures prohibited in this contract, STATE must disclose to the public upon request any records it receives from CONTRACTOR. CONTRACTOR further understands that any records that are obtained or generated by CONTRACTOR under this contract, except for records that are confidential under this contract, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. STATE retains ownership of all work product, equipment or materials created or purchased under this contract. CONTRACTOR agrees to contact STATE immediately upon receiving a request for information under the open records law and to comply with STATE'S

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instructions on how to respond to the request.

- 9) **OWNERSHIP OF WORK PRODUCT:** All work product, equipment or materials created or purchased under this contract belong to STATE and must be delivered to STATE at STATE'S request upon termination of this contract. CONTRACTOR agrees that all materials prepared under this contract are "works for hire" within the meaning of the copyright laws of the United States and assigns to STATE all rights and interests CONTRACTOR may have in the materials it prepares under this contract, including any right to derivative use of the material. CONTRACTOR shall execute all necessary documents to enable STATE to protect its rights under this section.
- 10) **APPLICABLE LAW AND VENUE:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this contract must be brought in the District Court of Burleigh County, North Dakota.
- 11) **MERGER AND MODIFICATION:** This contract, the RFP and the proposal shall constitute the entire agreement between the parties. In the event of any inconsistency or conflict among the documents making up this agreement, the documents must control in this order of precedence: First – the terms of this Contract, as may be amended and Second - the state's Request for Proposal and Third – Contractor's Proposal. No waiver, consent, modification or change of terms of this agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this agreement.
- 12) **INDEMNITY:** Contractor agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The Contractor's liability shall be limited to damages resulting from negligent acts, omissions or breaches of the contract. The legal defense provided by Contractor to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. Contractor also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against Contractor in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

Notwithstanding any other term or provision of this Agreement, each party shall only be liable for actual damages incurred by the other party, and shall not be liable for any indirect, consequential or punitive damages. Furthermore, the aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$30,000,000. This provision applies to the fullest extent permitted by applicable law.

Comment [B1]: Our standard corporate policy is to require limits of our liability at \$20M. We are prepared to raise this level to \$30M in this instance. Further, we are in receipt of the questions and answers provided in this regard. Due to the timing of receipt, we have not received formal corporate guidance as to whether the alternative language is acceptable. As such, we are submitting our proposal, pending guidance and/or other mutually agreeable terms.

- 13) **INSURANCE:** Contractor shall secure and keep in force during the term of this agreement, and Contractor shall require all subcontractors, prior to commencement of an agreement between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-

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insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) Professional errors and omissions with minimum limits of \$1,000,000 per occurrence and in the aggregate, Contractor shall continuously maintain such coverage during the contract period and for three years thereafter. In the event of a change or cancellation of coverage, Contractor shall purchase an extended reporting period to meet the time periods required in this section.
- 3) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of ~~\$250,000 per person and \$1,000,000 per any one accident or loss occurrence.~~
- 4) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- 5) Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this agreement or by the contractual indemnity obligations of the Contractor.
- 5) The insurance required in this agreement, through a policy or endorsement, shall include:
 - a) "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
 - b) a provision that Contractor's insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of the Contractor's insurance and shall not contribute with it;
 - c) ~~cross liability/severability of interest for all policies and endorsements;~~

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d) The legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;
e) The insolvency or bankruptcy of the insured Contractor shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Contractor from meeting the retention limit under the policy.

6) Contractor shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements.

7) The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement.

8) Failure to provide insurance as required in this agreement is a material breach of contract entitling State to terminate this agreement immediately.

- 14) **SEVERABILITY:** If any term in this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

- 15) **FORCE MAJEURE**
CONTRACTOR shall not be held responsible for delay or default caused by fire, flood, riot, acts of God or war if the event is beyond CONTRACTOR'S reasonable control and CONTRACTOR gives notice to STATE immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

- 16) **NOTICE**
All notices or other communications required under this contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

Sparb Collins, Executive Director
ND Public Employees Retirement System
400 East Broadway, Suite 505
PO Box 1657
Bismarck, ND 58502-1657

With a copy to:

Sharon Schiermeister
Chief Operating Officer
ND Public Employees Retirement System
400 East Broadway, Suite 505
PO Box 1657
Bismarck, ND 58502-1657

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Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

17) **ATTORNEY FEES**

In the event a lawsuit is instituted by STATE to obtain performance due under this contract, and STATE is the prevailing party, CONTRACTOR shall, except when prohibited by N.D.C.C. § 28-28-04, pay STATE'S reasonable attorney fees and costs in connection with the lawsuit.

18) **NONDISCRIMINATION AND COMPLIANCE WITH LAWS**

CONTRACTOR agrees to comply with all laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes and unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the term of this contract all licenses and permits required by law.

19) **STATE AUDIT**

All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this contract are subject to examination by the North Dakota State Auditor or the Auditor's designee. CONTRACTOR shall maintain all such records for at least three years following completion of this contract.

20) **TAXPAYER ID**

CONTRACTOR'S federal employer ID number is: _____.

21) **PAYMENT OF TAXES BY STATE**

State is not responsible for and will not pay local, state, or federal taxes. State sales tax exemption number is E-2001, and certificates will be furnished upon request by the purchasing agency.

22) **EFFECTIVENESS OF CONTRACT**

This contract is not effective until fully executed by both parties.

IN WITNESS WHEREOF, Contractor and NDPERS have executed this Agreement as of the date first written above.

**NORTH DAKOTA PUBLIC
EMPLOYEES RETIREMENT SYSTEM**

By: Sparb Collins

Title: Executive Director

Date: _____

CONTRACTOR

By: 

Title: Area S. V.P.

Date: 4/16/14

Appendix 6

Section 9

Business Associate Agreement

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SECTION 9 - BUSINESS ASSOCIATE AGREEMENT

(Revised 10-2013)

This Business Associate Agreement, which is an addendum to the underlying contract, is entered into by and between, the North Dakota Public Employees Retirement System ("NDPERS") and the **ENTER BUSINESS ASSOCIATE NAME, ADDRESS OF ASSOCIATE.**

1. Definitions

- a. Terms used, but not otherwise defined, in this Agreement have the same meaning as those terms in the HIPAA Privacy Rule, 45 C.F.R. Part 160 and Part 164, Subparts A and E, and the HIPAA Security rule, 45 C.F.R., pt. 164, subpart C.
- b. Business Associate. "Business Associate" means the **ENTER BUSINESS ASSOCIATE NAME.**
- c. Covered Entity. "Covered Entity" means the **North Dakota Public Employees Retirement System Health Plans.**
- d. PHI and ePHI. "PHI" means Protected Health Information; "ePHI" means Electronic Protected Health Information.

2. Obligations of Business Associate.

2.1. The Business Associate agrees:

- a. To use or disclose PHI and ePHI only as permitted or required by this Agreement or as Required by Law.
- b. To use appropriate safeguards and security measures to prevent use or disclosure of the PHI and ePHI other than as provided for by this Agreement, and to comply with all security requirements of the HIPAA Security rule.
- c. To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that it creates, receives, maintains or transmits on behalf of the Covered Entity as required by the HIPAA Security rule.
- d. To mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI or ePHI by Business Associate in violation of the requirements of this Agreement.
- e. To report to Covered Entity (1) any use or disclosure of the PHI not provided for by this Agreement, and (2) any "security incident" as defined in 45 C.F.R. § 164.304 involving ePHI, of which it becomes aware without unreasonable delay and in any case within thirty (30) days from the date after discovery and provide the Covered Entity with a written notification that complies with 45 C.F.R. § 164.410 which shall include the following information:
 - i. to the extent possible, the identification of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired or disclosed during the breach;
 - ii. a brief description of what happened;
 - iii. the date of discovery of the breach and date of the breach;
 - iv. the nature of the Protected Health Information that was involved;
 - v. identify of any person who received the non-permitted Protected Health Information;

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- vi. any steps individuals should take to protect themselves from potential harm resulting from the breach;
 - vii. a brief description of what the Business Associate is doing to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches; and
 - viii. any other available information that the Covered Entity is required to include in notification to an individual under 45 C.F.R. § 164.404(c) at the time of the notification to the State required by this subsection or promptly thereafter as information becomes available.
- f. With respect to any use or disclosure of Unsecured Protected Health Information not permitted by the Privacy Rule that is caused by the Business Associate's failure to comply with one or more of its obligations under this Agreement, the Business Associate agrees to pay its reasonable share of cost-based fees associated with activities the Covered Entity must undertake to meet its notification obligations under the HIPAA Rules and any other security breach notification laws;
- g. Ensure that any agent or subcontractor that creates, receives, maintains, or transmits electronic PHI on behalf of the Business Associate agree to comply with the same restrictions and conditions that apply through this Agreement to the Business Associate.
- h. To make available to the Secretary of Health and Human Services the Business Associate's internal practices, books, and records, including policies and procedures relating to the use and disclosure of PHI and ePHI received from, or created or received by Business Associate on behalf of Covered Entity, for the purpose of determining the Covered Entity's compliance with the HIPAA Privacy Rule, subject to any applicable legal privileges.
- i. To document the disclosure of PHI related to any disclosure of PHI as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
- j. To provide to Covered Entity within 15 days of a written notice from Covered Entity, information necessary to permit the Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
- k. To provide, within 10 days of receiving a written request, information necessary for the Covered Entity to respond to an Individual's request for access to PHI about himself or herself, in the event that PHI in the Business Associate's possession constitutes a Designated Record Set.
- l. Make amendments(s) to PHI in a designated record set as directed or agreed by by the Covered Entity pursuant to 45 C.F.R. § 164.526 or take other measures as necessary to satisfy the covered entity's obligations under that section of law.

3. Permitted Uses and Disclosures by Business Associate

3.1. General Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may Use or Disclose PHI and ePHI to perform functions, activities, or services for, or on behalf of, Covered Entity, specifically **consultant services to develop, issue and evaluate proposals for the group health plan** – provided that such use or disclosure would not violate the Privacy Rule or the Security Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity HIPAA.

3.2. Specific Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may use PHI and ePHI:

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- a. For the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- b. To provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B), but Business Associate may not disclose the PHI or ePHI of the Covered Entity to any other client of the Business Associate without the written authorization of the covered entity Covered Entity.
- c. To report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. §§ 164.304 and 164.502(j)(1).

4. Obligations of Covered Entity

4.1. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

Covered Entity shall notify Business Associate of:

- a. Any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that any such limitation may affect Business Associate's use or disclosure of PHI.
- b. Any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that any such changes may affect Business Associate's use or disclosure of PHI.
- c. Any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that any such restriction may affect Business Associate's use or disclosure of PHI.

4.2. Additional Obligations of Covered Entity. Covered Entity agrees that it:

- a. Has included, and will include, in the Covered Entity's Notice of Privacy Practices required by the Privacy Rule that the Covered Entity may disclose PHI for Health Care Operations purposes.
- b. Has obtained, and will obtain, from Individuals any consents, authorizations and other permissions necessary or required by laws applicable to the Covered Entity for Business Associate and the Covered Entity to fulfill their obligations under the Underlying Agreement and this Agreement.
- c. Will promptly notify Business Associate in writing of any restrictions on the Use and Disclosure of PHI about Individuals that the Covered Entity has agreed to that may affect Business Associate's ability to perform its obligations under the Underlying Agreement or this Agreement.
- d. Will promptly notify Business Associate in writing of any change in, or revocation of, permission by an Individual to Use or Disclose PHI, if the change or revocation may affect Business Associate's ability to perform its obligations under the Underlying Agreement or this Agreement.

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4.2. Permissible Requests by Covered Entity

Covered Entity may not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule or the Security Rule if done by Covered Entity, except that the Business Associate may use or disclose PHI and ePHI for management and administrative activities of Business Associate.

5. Term and Termination

- a. Term. The Term of this Agreement shall be effective as of the date of contract award for the retiree health valuation, and shall terminate when all of the PHI and ePHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI and ePHI, protections are extended to any such information, in accordance with the termination provisions in this Section.
- b. Automatic Termination. This Agreement will automatically terminate upon the termination or expiration of the Underlying Agreement.
- c. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 1. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and the Underlying Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 2. Immediately terminate this Agreement and the Underlying Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
 3. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
- d. Effect of Termination.
 1. Except as provided in paragraph (2) of this subsection, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to PHI and ePHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI or ePHI. Notwithstanding the foregoing, Business Associate shall be permitted to retain certain PHI or ePHI that is part of work product that must be retained for document retention/archival purposes, as well as PHI or ePHI that is stored as a result of backup e-mail systems that store e-mails for emergency backup purposes. All such retained PHI or ePHI shall remain subject to the terms of this Agreement.
 2. In the event that Business Associate determines that returning or destroying the PHI or ePHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of Covered Entity that return or destruction of PHI or ePHI is not feasible, Business Associate shall extend the protections of this Agreement to that PHI and ePHI and limit further uses and disclosures of any such PHI and ePHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains that PHI or ePHI.

6. Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the HIPAA Privacy or Security Rule means the section as in effect or as amended.

~~b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement~~

from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule, the Security Rule, and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

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- c. Survival. The respective rights and obligations of Business Associate under Section 5.c, related to "Effect of Termination," of this Agreement shall survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy and Security Rules.
- e. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything this Agreement confer, upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- f. Applicable Law and Venue. This Business Associate Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action commenced to enforce this Contract must be brought in the District Court of Burleigh County, North Dakota.
- g. Business Associate agrees to comply with all the requirements imposed on a business associate under Title XIII of the American Recovery and Reinvestment Act of 2009, the Health Information Technology for Economic and Clinical Health (HI-TECH) Act, and, at the request of NDPERS, to agree to any reasonable modification of this agreement required to conform the agreement to any Model Business Associate Agreement published by the Department of Health and Human Services.

7. Entire Agreement

This Agreement contains all of the agreements and understandings between the parties with respect to the subject matter of this Agreement. No agreement or other understanding in any way modifying the terms of this Agreement will be binding unless made in writing as a modification or amendment to this Agreement and executed by both parties.

IN WITNESS OF THIS, NDPERS [CE] and ENTER BUSINESS ASSOCIATE NAME [BA] agree to and intend to be legally bound by all terms and conditions set forth above and hereby execute this Agreement as of the effective date set forth above.

For Covered Entity:

Sparb Collins, Executive Director
ND Public Employees Retirement System

Date

For Business Associate:

Signature

Printed Name

Title

Date



Arthur J. Gallagher & Co.

Don Heilman
Area Sr. Vice President
Gallagher Benefit Services, Inc.
6399 South Fiddle's Green Circle, Suite 200
Greenwood Village, CO 80111
Phone: 303-889-2686
don_heilman@ajg.com